

Trust Management Improvement Project

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Executive Summary

1. Reporting Requirement

In the matter of *Cobell v. Babbitt*, the United States District Court for the District of Columbia on December 21, 1999, ordered the Department of the Interior to submit quarterly reports on actions taken to correct the breaches of the Federal Government's statutory trust responsibility to individual Indians that were set forth in the Memorandum Opinion of the Court. This is the first report submitted pursuant to the Court's Order. Since the revised and amended High Level Implementation Plan (HLIP) contains detailed information on all project milestones, this report primarily contains summary information. Future quarterly reports will track each of the milestones through completion.

2. Departmental Oversight

Trust management reform activities are coordinated by the Trust Management Improvement Steering Committee that is chaired by the Secretary. The Special Trustee for American Indians, the Solicitor, the Chief Information Officer, and the Assistant Secretaries for Land and Minerals Management (LM), Indian Affairs (IA), and Policy, Management and Budget (PMB) complete the makeup of the Committee.

The Committee meets on an as-needed basis to provide overall Departmental coordination and to address issues that the affected Bureaus and Offices have identified as requiring policy attention at the highest level. In addition to the Acting Special Trustee (Principal Deputy) who devotes a substantial portion of his time to coordination and oversight of trust management improvements, the Secretary and the Assistant Secretaries

PMB and IA had, among them, participated in more than 160 meetings on trust management issues between the middle of June 1999 and the end of January 2000.

3. Accomplishment Highlights: June 10, 1999 - January 31, 2000

- The President's FY 2000 budget request included a larger percentage increase for the Office of the Special Trustee than for any other Interior Bureau or Office. The Department worked successfully with the Committees on Appropriations of the House and the Senate to ensure that these funding requests were included in the final Interior budget passed by the Congress.
- The keystone to effective trust asset management in the Department is a comprehensive trust asset management system that includes accurate information on land ownership, leases, billing and accounts receivable, and collections. The land ownership module of the Trust Asset and Accounting Management System (TAAMS) was designed, implemented, piloted, tested, and subjected to independent verification and validation (IV & V) at the pilot test site in Billings, MT.

The initial modification effort that is underway includes all development requirements of TAAMS that are mandatory functions under the current contract, as well as interfaces with the Trust Funds Accounting System (TFAS) and the Minerals Management Service's royalty management system. The realty module is scheduled to be completed in April.

While initial plans envisioned TAAMS deployment on a geographic basis, the BIA now believes that a better approach is to deploy TAAMS by function.

The BIA will recommend that the Secretary certify that the land title portion of the system be deployed to all title plants. A Secretarial determination will be made within the next 45 days.

- Three more Regions were converted to TFAS. More than 191,000 accounts are now on the new system in nine of the 12 Regions. Initial test conversions have been conducted at the three remaining regions that are scheduled to be on line in March. TFAS implementation will be the first of the eleven subprojects to be completed.
- The Department chartered two reinvention laboratory teams to conduct a thorough and systematic review of probate policies, procedures, processes, workload, and staffing. The two resulting reports, one from the BIA lab and the other from the OHA lab, made numerous recommendations for improvement that are designed to reduce the probate processing time from the current range of three to six years to an average of 18 months. Nearly every recommendation made by the labs has been approved by the Department, and DOI is beginning implementation actions.
- The appraisal backlog within the Rocky Mountain Region was substantially reduced by processing 750 pending requests and identifying some 650 requests that were no longer required or were duplicates.
- Agreement was reached with the National Archives and Records Administration to ensure that all trust-related records held by NARA will be maintained, even if the existing records disposition schedules would allow for destruction of the records. The Department will work closely with NARA in development of revised schedules for the appropriate disposition

of all trust records.

- The Minerals Management Service awarded a contract for development of a new royalty management financial system that is expected to substantially decrease the time elapsing between the Department's receipt of funds and the transfer of those funds to Indian land owners.
- A successful pilot project to scan and image IIM documents was completed. During the course of the pilot more than 2,000,000 documents were imaged and indexed.
- Agreement was reached on a revised approach to address trust policies and procedures and new staff have been added to intensify work on this effort.
- Training has been expanded. Over 600 people have been trained on TFAS and approximately 150 people have been trained on TAAMS.

4. Challenges Remaining

The Special Trustee's *Strategic Plan to Implement the Reforms Required by the American Indian Trust Fund Management Reform Act of 1994* and the original *High Level Implementation Plan* were based on information available to the Department in 1997 and 1998. While numerous problems had been identified in trust management by the General Accounting Office, the Office of Inspector General, and the Congress, virtually all of these reports were based on fairly limited reviews of certain locations or certain systems.

The scope of the overall Trust Management Improvement Plan is unprecedented in the Department of the Interior. Problems with systems, policies, procedures and staffing have multiplied over the last half century and will take time and resources to resolve. Only

as reform efforts have been undertaken is the depth and breadth of the task becoming more clear.

The long-standing failure to impose discipline in areas from staff qualifications and training to adherence to standard procedures to management of automated systems means that the 11 subprojects in the revised and amended HLIP are, in fact, hundreds of "sub-subprojects." Almost each entity poses different challenges to the implementation of integrated information technology systems containing complete and accurate information that is managed in a consistent and coordinated fashion.

As DOI has moved forward with an in-depth review of the HLIP, the time required to complete a number of the tasks has been extended as a result of the complexity of the challenges faced. Several of the subproject plans have been adjusted and reoriented in light of experience to date. At trial DOI witnesses discussed some of these changes; others have occurred since trial. Regardless of the obstacles that may be encountered, the Department of the Interior remains firmly committed to full implementation of all improvements required under the trust fund reform act.

A. Introduction

1. Reporting Requirement

In the matter of *Cobell v. Babbitt*, the United States District Court for the District of Columbia on December 21, 1999, ordered the Department of the Interior to submit quarterly reports on actions taken to correct the breaches of the Federal Government's trust responsibility to individual Indians that were set forth in the Memorandum Opinion of the Court. Those portions of the Order that describe the reporting requirements are:

- Beginning March 1, 2000, defendants shall file with the court and serve upon plaintiffs quarterly status reports setting forth and explaining the steps that defendants have taken to rectify the breaches of trust declared today and to bring themselves into compliance with their statutory trust duties embodied in the American Indian Trust Fund Management Reform Act of 1994 and other applicable statutes and regulations governing the IIM trust.
- Each quarterly report shall be limited, to the extent practical, to actions taken since the issuance of the preceding quarterly report. Defendants' first quarterly report, due March 1, 2000, shall encompass actions taken since June 10, 1999.
- These plans have been represented to the court primarily through the High Level Implementation Plan, but also through the representations made by government witnesses and government counsel. Given the court's reliance on these representations, the court orders defendants, as part of their quarterly status reports, to explain any changes made to the HLIP.

2. Breaches of Trust

Based upon the Court's review of the statutory requirements contained in the *American Indian Trust Fund Management Reform Act of 1994*, four specific violations were identified.

- The Department of the Interior has no written policies or procedures to collect information that may be available from outside sources that would supply missing information on IIM accounts.
- The Department has no written policies or procedures that establish retention periods for various trust documents.
- The Department has no written policies or procedures for computer and business systems architecture used to carry out the trust activities.
- Interior has no written policies and procedures for staffing of trust management functions.

Plans have been prepared to remedy these four violations. These plans are being submitted under separate covers for this first quarterly report. Future quarterly reports will identify changes to these plans and discuss implementation progress.

3. High Level Implementation Plan

In addition to quarterly reports, the Court also ordered DOI to submit a revised High Level Implementation Plan by March 1, 2000. As the revisions to the Plan are discussed in that document which is being submitted under separate cover, this report deals with subproject changes in a summary manner. Any future changes to the HLIP affecting the IIM trust activities will be explained in future reports.

4. Time Period Covered

The Court order stated that the first report was to cover the period beginning June 10, 1999, but was silent on the ending day of the first reporting period. A reasonable amount of time must be provided between the end of the period and the actual submission of the report to the Court and the plaintiffs to provide for review and clearance of the report. The Department has allowed one month for the preparation and review of this report; therefore, future reports will be based on the schedule identified below:

<u>Report</u>	<u>Period Covered</u>
June	February - April
September	May - July
December	August - October
March	November - January

B. Activity Report

The original High Level Implementation Plan was approved by the Secretary in July 1998. Thirteen projects were identified that were in various stages of planning or implementation. In some areas, primarily trust funds accounting and investment systems, work had been underway for more than a year, while other activities were essentially in the "pre-planning" stage. As a result, more progress has been made in some areas than others. Some projects have been either refined, rescope, or merged based upon experience gained in the last 18 months. The amended HLIP includes 11 subprojects.

1. Office of the Special Trustee Data Cleanup

Objective. The objective is to establish standard information requirements for each Individual Indian Money Account, identify deficiencies, and, where possible, update accounts lacking required information.

Changes. The initial HLIP established a target date of June 30, 1999, for completion of the initial survey of all IIM file jackets. While there was no date given in the HLIP for completion of the corrective actions required to address the deficiencies identified by the survey work. An estimate of the additional time needed will be refined by September 2000. While the universe of needed corrections is presently fairly well known, efforts to locate missing documents have proven expensive and time-consuming. OST, with the assistance of a contractor, is investigating the use of account stratification to focus this effort on the more critical and high dollar value accounts.

Accomplishments Since June 10, 1999.

- Prior to June 1999, IIM account holder information for ten regions had been reviewed. Initial survey activities were completed¹ as the Great Plains and Northwest Region reviews were conducted in July 1999, and September 1999, respectively.
- A significant number of account holders have more than one IIM account if they have land ownership interests in different parts of the country. These accounts have been consolidated. Of 16,800 duplicate accounts, all but 4,300 have been eliminated. The Great Plains Region, alone, had more than 11,000

¹ With the exception of three agencies where the Tribes have objected to releasing the IIM jacket folders.

- duplicate accounts that were eliminated by the end of July 1999.
- Except for those accounts required to process the distribution systems, all other tribal accounts have been eliminated from the IIM system in all converted regions.
- The pending budget request includes \$6.7 million to increase the IIM investment pool to the total of the positive balances in the underlying IIM accounts.

Remaining Work.

The completion of the survey phase of the subproject has provided a more accurate estimate of the remaining work:

- Eliminate the balance of 4,300 duplicate accounts and tribal accounts from the IIM system in the three regions that have not yet converted to TFAS.
- Correct the coding for 91,000 accounts.
- Determine the most cost-efficient and effective method to obtain missing mandatory documents for 168,000 accounts.
- Attempt to locate correct addresses for 61,000 account holders.
- Develop and implement policies in conjunction with BIA to minimize the number of special deposit accounts which have continued to increase at a rate of about 200 a month.
- Resolution of tribal objections. The Oglala Sioux Tribe, the Standing Rock Sioux Tribe and the Confederated Tribes of the Umatilla Indian Reservation continue to object to the transfer of the IIM jacket folders from the local BIA agency to Albuquerque.

All records sent to Albuquerque are reviewed for completeness and stored in the OST records centers. Tribal leadership cites previous problems when valuable files were removed from the agencies. Negotiations have been ongoing at Umatilla since last summer and a tentative agreement has been reached.

A representative of the Standing Rock Sioux tribe signed an agreement on July 30, 1999, that would provide for the records to be scanned. Subsequently, the Tribal Council disavowed the agreement and there is no further progress to report, nor has there been any progress with the Oglala Sioux Tribe.

The Red Lake Agency also has some financial trust records. As those records are still in Federal custody and do not include the IIM jacket folders, no action has yet been taken to discuss the objections of the Red Lake Band of Chippewa Indians.

Goals for Next Quarter.

Plans for the next quarter are to:

- Eliminate the remaining duplicate accounts from the IIM system.
- Except for those required to run distribution programs, eliminate the remaining tribal accounts from the IIM system.
- Complete agreement with the Confederated Tribes of the Umatilla Reservation for transfer of IIM jacket folders to Albuquerque.
- Negotiate with the Red Lake Band on financial trust records remaining outside of OST control.

2. BIA Data Cleanup and Management

Objective.

This subproject is designed to ensure the accuracy and completeness of land ownership and land use data that will be included in the new Trust Asset and Accounting Management System (TAAMS). Currently, some data are maintained only in hard copy form while other records are included in one or more of the BIA legacy systems: Land Records Information System (LRIS), Integrated Records Management System (IRMS), and the Royalty Distribution and Reporting System (RDRS).

While trust management activities have suffered from the absence of up-to-date computer systems, equally problematic is the fact that the data that is stored in the legacy systems can be inconsistent, inaccurate, or incomplete.

Data cleanup activities and the entry of backlogged documents are scheduled to complement the deployment of TAAMS.

Changes.

The original HLIP schedule projected a completion date of May 31, 1999, for pre-deployment data cleanup in the legacy systems, and June 30, 2000, for post-deployment cleanup, while noting that "the degree and specific issues associated with 'dirty,' incorrect or inconsistent information in the automated and manual files is not fully known." The revised schedule extends the post-deployment date to 2003.

The original strategy of correcting data in the legacy systems and then migrating clean data electronically to TAAMS had to be modified. Various offices have altered the legacy systems so that there are multiple versions of each system in use, none of which is well

documented.

Further, the current systems were designed without filters or edits, thus making it difficult to ensure the integrity of any data entered in those systems.

The revised cleanup plan relies more heavily on correcting the data after it has been entered in TAAMS as the system data entry and edit capabilities and automated reports will significantly aid in the detection and correction of errors. Time has been built into the process to allow for data purification after TAAMS is deployed in each region before TAAMS is actually put into production.

Recognizing that good data can degrade if not properly maintained after conversion, the subproject plan has been expanded to institutionalize data administration, security, and program management. A more detailed discussion of the issues surrounding the data cleanup and DOI's plans to address them is included in Chapter 2 of the HLIP.

Accomplishments Since June 10, 1999.

- Pre-migration clean-up was completed in August 1999 at all locations within the Rocky Mountain Region where TAAMS is being pilot-tested. More than 2,000 records were analyzed, researched and corrected prior to conversion.
- A detailed Data Management Plan in support of TAAMS was completed in August 1999. A description of the seven-phase strategy and the status in each of BIA's 12 regions follows:

Phase I: Local office preparation of files, records and legacy systems: Completed at all regions.

Phase II: Contractor assessment of records and data quality: Completed in Rocky Mountain, Alaska, Great Plains,

Midwest, Southwest, Navajo, Western, Northwest, and Pacific Regions.

Phase III: Contractor establishes goals for how and when data cleanup will be accomplished and a baseline against which performance can be measured: Completed in the Rocky Mountain Region.

Phase IV: Pre-deployment data cleanup to identify inconsistent or incomplete data; research missing or incorrect critical key field information; and determine the additional post-deployment requirements.

Phase V: Post-deployment activity will continue until all known data deficiencies have been addressed.

Phase VI: Data auditing will be conducted approximately six months following the completion of the post-deployment phase. This will ensure that the integrity of the data is being maintained.

Phase VII: Continuing data management activities based on requirements for automated systems that contain sensitive information.

- Data for 18,000 tracts in the Alaska Region, where no legacy systems exist, was entered into the new TAAMS database by the contractor.
- Using experience gained in the Rocky Mountain and Alaska Regions, BIA contracted with DataCom Sciences, Inc. in 1999 to work with BIA personnel at all remaining sites to complete the data cleanup.
- A Configuration Management Plan was prepared in August and revised in October 1999 to guide development and

deployment of software modifications in order to ensure the continuing integrity of the data.

Remaining Work.

- Complete Phase IV work in the Rocky Mountain Region.
- Complete Phase III and Phase IV work in eight regions.
- Complete Phase II, Phase III and Phase IV work in three regions.
- Complete Phases V through VII in all regions.

Goals for Next Quarter.

- Review contractor's estimate of the bureau-wide scope of pre-implementation data cleanup tasks at the title plants and determine appropriate course of action.

3. Probate Backlog

Objective.

The objective of this subproject is to eliminate the backlog of estates awaiting final processing actions and to revise the probate process so that, on average, probate actions will be completed within 18 months rather than the present range of three to six years.

Changes.

In the 1998 HLIP there were two probate subprojects: one in BIA and one in the Office of Hearings and Appeals (OHA). The BIA plan proposed a combination of new hires, temporary details, and contractor services to address the backlog of estates and the addition of approximately 20-25 positions to process new cases. The original milestones did not extend beyond the January 1999 date to request additional resources to actually

identify a target date by which the backlog would be eliminated. The OHA plan was similarly constructed.

At trial, Assistant Secretary Gover testified that BIA had established an Indian Probate Reinvention Lab to examine the current probate process.

DOI commissioned two "reinvention" teams to review the current probate processes used by BIA and OHA and to make recommendations for streamlined operations.

As a result of this work, the two probate subprojects have been merged and extensively reoriented and revised and two new project leaders have been assigned in accordance with the HLIP. Based upon the probate caseload information from the BIA Regional Offices, the estimated target date to eliminate the probate backlog, excluding those cases that must be reopened as a result of the *Youpee* decision is December 31, 2002.

Accomplishments Since June 10, 1999.

- Two "reinvention" teams conducted extensive reviews of policies, procedures, staffing, workload, and workflow.
- DOI has adopted recommendations resulting from the reviews that will streamline the process by eliminating non-value added activities which, when fully implemented, will reduce the number of steps in the process from 65 to 19.
- BIA will hire Attorney Decision-Makers and paralegal specialists to decide the less complex probate cases when the potential heirs agree.
- The Department established a joint implementation team with full-time staff dedicated to managing the backlog reduction project and to implementing the

streamlined probate processes.

- The FY 2001 budget request includes \$2.5 million to begin review and processing of approximately 13,000 cases that must be reopened as a result of the decision in *Youpee v. Babbitt*.
- During the reporting period, OHA decided 2,463 probate cases.
- In August 1999, DOI issued revised regulations that increase the authority of BIA superintendents to distribute trust personal property or cash if the estate is valued at less than \$5,000. This is an increase from the previous level of \$1,000.
- In November 1999, legislation was enacted that authorizes the Secretary to appoint Indian probate judges for the sole purpose of reducing the backlog.

Remaining Work.

- Establish nationwide tracking system.
- Hire additional Administrative Law Judges.
- Open OHA offices in Billings, MT, Bismark, ND, Rapid City, SD, and Phoenix, AZ.
- Issue regulations providing authority for BIA Attorney Decision-Makers to process probate cases.
- Revise position descriptions for BIA probate staff and hire additional staff in line with the staffing assessment.
- Train new OHA and BIA staff.
- Award a task order to have a contractor post the backlog of cases that have been

decided but not entered in the land records system.

- Obtain contractor support to help process probates in the BIA regions with the largest number of open cases.
- Evaluate and process the *Youpee* cases.
- Resolve approximately 100 cases that have been returned to BIA by OHA for additional information or clarification.

Goals for Next Quarter.

- DOI plans to contract with Macro International to conduct staffing assessments for a number of trust programs, including probate.
- OHA will decide approximately 1,100 probate cases.
- BIA will process about 500 probates.
- BIA will select a pilot site to validate the current cost estimates associated with the redistribution of the *Youpee* interests.
- A contract with DOI University will be signed to address the training needs of probate staff.
- DOI will issue an emergency rule to establish the jurisdiction of the Attorney Decision-Makers.
- The BIA Data Cleanup contract will be modified to include posting information in the land records system for probate cases that have been decided by OHA.
- OHA will identify those portions of its regulations that need to be revised to accommodate BIA's assuming jurisdiction over certain probate cases.

4. BIA Appraisal Program

Objective.

This subproject is designed to eliminate the BIA appraisal backlog by developing an appraisal tracking system, revising BIA practices to come into agreement with the Uniform Standards of Professional Appraisal Practice, improving staff productivity through training and automated tools, and updating information on appraisal options.

The BIA is required to approve certain transactions on lands owned by individual Indians that are held in trust or restricted status to ensure that the landowner is fairly compensated for the use, sale or exchange of the land.

Prior to approval the BIA secures a valuation of the resource. Generally, appraisals have been used to determine appropriate compensation for most realty transactions. Approximately 2,000 appraisal requests were pending at the end of FY 1999.

Changes.

After BIA hired a Chief Appraiser, the responsibility for this subproject was reassigned to the Chief Appraiser. This subproject plan now includes additional activities, not in the 1998 HLIP, that will take advantage of automated tools to aid in the appraisal function and realign the organizational structure.

Accomplishments Since June 10, 1999.

- BIA hired a Chief Appraiser on June 21, 1999.

- Appraisal staff completed a review of 90 appraisals in the Rocky Mountain Region in July 1999.
- Between August and October 1999, the BIA eliminated the backlog of 600 appraisal actions at the Wind River agency.
- To ensure consistency in operations from region to region, BIA developed and issued a standard appraisal request form in November 1999.
- The Chief Appraiser submitted functional requirements for an appraisal module to be included in TAAMS.
- BIA purchased new equipment for appraisal offices lacking up-to-date tools.
- One more BIA appraiser earned professional certification; more than half of the on-board appraisers are now certified.

Remaining Work.

- Obtain professional certification for current appraisers lacking such credentials and for newly hired appraisers.
- Coordinate development of an enhanced appraisal module in TAAMS to provide comparable sales and comparable lease data through an automated system to reduce the time spent collecting data.
- Review and determine the appropriate valuation methods to be used on various types of land transactions; develop and issue appropriate guidance to trust

program staff.

- Where available, use private sector real estate services to obtain information necessary to determine land values.
- Complete the procurement and installation of new equipment for appraisers.
- Determine if the organizational structure should be realigned; if so, implement the realignment.
- Eliminate the remaining appraisal backlog in the Rocky Mountain Region.

Goals for Next Quarter.

- Render a management decision on organizational realignment.
- Initiate procurement action to acquire on-line real estate services for selected Regional Offices.

5. Trust Funds Accounting System (TFAS)***Objective.***

The objective of this subproject is to install a modern, commercially operated accounting system to replace the legacy accounting system used for the IIM pool and the Integrated Records Management System that was used for individual IIM accounts. The new system provides account holders with the ability to obtain daily balances and allows the Office of Trust Funds Management to provide regular reports to account holders on collections and disbursements.

Changes.

The 1998 HLIP estimated that all sites would be converted to TFAS by December 31, 1999. In order to avoid interference with the TAAMS

deployment plans and any potential Y2K problems, that date was extended by three months. The last three sites are scheduled for conversion in March 2000 which is consistent with Mr. Thompson's testimony at trial.

Accomplishments Since June 10, 1999.

Seven of the BIA's 12 regions were converted to TFAS prior to June 1999.

- The Midwest Region converted to TFAS in July 1999.
- The Great Plains Region converted in October 1999.
- Over 191,000 accounts are now on TFAS.
- The first trial conversion for the remaining three regions, Northwest, Southern Plains and Eastern Oklahoma was completed in January 2000.

OTFM is working with contractors to determine the feasibility of automating a number of data entry functions in TFAS which would improve processing time and reduce the opportunity for error that accompanies manual processes.

OTFM has also made a number of operational improvements that are not tied to specific milestones in the HLIP. Some examples are provided below:

- Reached agreement with Treasury so that trust funds deposited after the normal Treasury daily deadline will earn overnight interest.
- Centralized data entry for the accounts that have been converted to TFAS, thus ensuring that adequate source documents and proper authorizations are present on trust transactions.

- Began discussions with Treasury on establishment of lockboxes and electronic transfer accounts for those who do not have regular bank accounts. The benefits of a lockbox system can be realized after the deployment of TAAMS.
- Improved 1099 reporting to the Internal Revenue Service (IRS) and to account holders who are members of the Five Civilized Tribes.
- Outsourced 1099 interest income report production and mailing, so these reporting requirements could be met without interfering with daily operations.
- Worked with IRS to develop an IRS Determination Notice regarding reporting requirements for nontaxable mineral royalties.
- OTFM is consolidating its accounting staff on one floor of their office space and has implemented staggered shifts to provide work-day coverage for all U.S. time zones.
- The accounting firm, Griffin and Associates, P.C. audited the FY 1998 trust funds accounts and provided their report to the DOI Office of Inspector General. Of the 41 internal control weaknesses that had been identified prior to the FY 1998 audit, 15 have been resolved. One additional advisory comment is identified in the 1998 audit related to general controls over automated systems including system security, physical access to the BIA Operations Service Center, documentation, password controls, and disaster recovery planning.

It is important to note that these systems deficiencies relate to the legacy BIA systems and to the operation of the BIA

Operations Service Center in Albuquerque. The new trust systems will be contractor operated and maintained and will not be subject to modification or control by the Operations Service Center or by any of the regional information management centers.

Remaining Work.

- Convert last three regions.
- Stabilize TFAS operations and make any required systems adjustments.

Goals for Next Quarter.

- Train staff in the remaining three regions.
- Convert the last three regions.
- Complete the TFAS subproject.

6. Trust Asset and Accounting Management System (TAAMS)***Objective.***

As originally envisioned, TAAMS was to be an asset management system that would include a master lease system and billings and collections subsystems to replace the legacy Integrated Records Management System and Royalty Distribution and Reporting System.

A separate subproject was identified to replace the legacy Land Records Information System.

Changes.

DOI subsequently decided that one integrated system containing both ownership and lease information would better address all requirements associated with maintaining accurate records on land ownership and land

use. The two projects are now combined under TAAMS. The combined project development and implementation plan is reflected as a single subproject in the HLIP (see chapter 5).

At the time of trial, Mr. Dominic Nessi testified that he hoped to have the majority of the work completed in the Billings Area (Rocky Mountain Region) around October 1, 1999, and that TAAMS would then be deployed in Juneau, Aberdeen and Minneapolis. In his testimony, Mr. Thompson indicated concerns that the proposed schedule might not be met.

Since the time of trial, it has been determined that deploying TAAMS on first a functional rather than a geographic basis is a better approach. Upon completion of the pilot, BIA plans next to deploy TAAMS to the Land Title and Records Offices and to those tribal sites where land records functions are performed under Self-Determination contracts or Self-Governance compacts. Better information on current uses of the land and improved income collection and distribution systems will remain of limited value without accurate, timely, and complete ownership records. A detailed discussion of the reasons for this approach is found in the March 2000 HLIP.

The interfaces between TAAMS, TFAS and MMS are not yet complete. Completion of all mandatory realty functions and the interfaces is scheduled for December 2000.

The 1998 HLIP projected completion of the TAAMS deployment to all regions by June 2000. Pending a Secretarial decision on the BIA's recommendation to modify the deployment schedule and more detailed information on the data cleanup requirements, BIA at this time has not projected a schedule for full deployment of TAAMS. The actual

deployment schedule, whether geographical, functional, or some combination thereof, is dependent upon progress in data cleanup at all locations and software development and testing.

Accomplishments Since June 10, 1999.

- The TAAMS pilot was installed in the Rocky Mountain Region in June 1999.
- Initial user training was reinforced with additional sessions in September and November 1999.
- System testing for the pilot site was successfully conducted during September and November 1999. A final systems test, conducted on November 23, 1999, included an independent observer to ensure that test procedures were consistent with industry standards and that the test results were verifiable and met contract requirements. The IV & V report will be submitted in February 2000.
- Disaster recovery tests were conducted in December 1999.
- TAAMS is ready to be considered for Secretarial decision on deployment at the remaining Title Offices.

TAAMS implementation and operations are guided by a number of detailed plans that have been developed and that are continually reviewed and updated. The most current versions of the plans are shown below:

- **System Test Plan**, Version 2.0, September 1, 1999.

- **Project Management Plan**, Version 1.1, October 1, 1999.
- **Transition/Deployment/Management Plan**, Version 1.1, October 4, 1999.
- **Quality Assurance Plan**, Version 1.0, October 12, 1999.
- **Training Plan**, Version 1.1, October 13, 1999.
- **General Information and Operating Policies**, Version 3.0, October 22, 1999.

Remaining Work.

- Complete development, testing and acceptance of remaining mandatory and mandatory deferred functions, including distribution modules and interfaces.
- Develop deployment schedule.
- Determine requirements for additional TAAMS enhancements that are outside the scope of the current contract.
- Provide training to Federal, tribal, and support staff.
- Complete full implementation at all sites.

Goals for Next Quarter.

- Conduct user tests in the Rocky Mountain Region.
- Review report from the IV & V contractor and make any necessary modifications.
- Complete official assessment of TAAMS functionality and usability.
- Decide whether to proceed with functional

rather than geographic deployment.

- Complete the land title functions of the TAAMS contract.

- Four responses to the MMS Request for Proposal for a financial management system were received in June 1999.

- Technical evaluations were completed in July and the Financial System development contract was awarded on September 23, 1999.

7. MMS System Reengineering

Objective.

The Minerals Management Service (MMS) has undertaken a complete modernization of both its processes and supporting automated finance and compliance systems. When completed, there is expected to be a 50 percent business cycle reduction and more rapid identification of royalty underpayments; additional information will be collected on Indian oil and gas leases; and revenues will be transferred more quickly to Indian landowners.

Changes.

As a result of the work done in completing the Capital Investment Plan and the Independent Verification and Validation of the proposed project, MMS implemented a strategy that features a two-phased contract award process that begins with a COTS-based financial and accounting system and relational database management system followed by a separate contract for a compliance system. As work progresses on the Financial System, MMS will re-evaluate the need for a separate compliance system contract.

The overall target date for completion of this subproject has not changed, however, additional milestones have been added.

Accomplishments Since June 10, 1999.

- Financial System development began in October 1999, and the Financial Contract Management Plan was completed on January 31, 2000.

Remaining Work.

1. Financial System

- Complete the COTS fit analysis.
- Complete the application design.
- Build and test the application components.
- Design, build and test data conversion.
- Plan and execute the functional and performance acceptance test.
- Implement the system.

2. Compliance System

- Determine whether a separate contract will be required for the compliance system. Based on that determination, award a separate contract or modify the existing contract.
- Complete development and installation of the compliance system.

Goals for Next Quarter.

- Continue financial system design activities and complete the COTS fit analysis.
- Determine the compliance system contracting strategy.

8. Records Management

Objective.

The objective of this subproject is to implement a unified records management solution for Interior trust records, involving OST, BIA, MMS, BLM, OHA, and other participating DOI offices, as well as those tribal governments operating trust programs under Self-Determination contracts or Self-Governance compacts. This includes a number of specified actions and reforms covering the full range of records issues, such as program management, records retention and storage, training, and electronic records.

Changes.

This subproject was originally designed to be managed by a Joint Working Group, but has been reassigned to a highly qualified records manager who was hired as the Director, Office of Trust Litigation Support and Records, within the OST. Other than the on-going activities of cyclic reviews and training of new staff, the 1998 HLIP projected a target completion date of June 30, 1999. At trial, Mr. Thompson testified that the records cleanup would be completed in 2002. The current records plan, although extensively revised and expanded, remains within Mr. Thompson's target date. All milestones are scheduled for completion by May 31, 2002.

Accomplishments Since June 10, 1999.

- An initial survey of all BIA records sites was completed in June 1999 to determine where records were at particular risk. In addition, detailed reports on records storage conditions were received from BIA Agency Superintendents and Regional Directors by December 31, 1999.
- The cleanup of the existing disposition backlog at BIA locations was started in November 1999.
- The National Archives and Records Administration (NARA) and the Indian Affairs Records Management program (IARM) have officially become partners under the NARA Targeted Assistance Program. The partnership includes the following types of assistance:
 - (1) Pack and haul operations to safeguard BIA and OST records;
 - (2) Development of inventory procedures to enable IARM to obtain intellectual control over records;
 - (3) Populating the inventory database;
 - (4) Training and technical assistance; and
 - (5) Guidance on the establishment of Vital Records and Electronic Records programs.
- On September 30, 1999, the OST document imaging pilot was completed. During the course of the pilot, more than 2 million documents were imaged.
- The systematic transfer of trust financial records from BIA to OTFM was completed

on October 8, 1999.

- Twelve records management specialists were hired by January 2000 and formal training of the staff has begun.
- On-site training and technical assistance has been provided in the Rocky Mountain, Southern Plains, Great Plains, Western, Eastern Oklahoma, Navajo, Northwest, and Southwest Regions.
- Basic records management training has been provided to or scheduled for more than 220 BIA, OST and Office of Indian Education Programs personnel in the Southwest, Western, Pacific, Great Plains, Rocky Mountain, and Midwest Regions.
- In June 1999, NARA was directed to freeze the destruction of any BIA records pending issuance of revised records control schedules.
- NARA began accepting BIA records at Federal Records Centers in late 1999. This ensures that the records will be properly inventoried and maintained.
- Discussions have been held between NARA and IARM on revising and developing BIA and OST records schedules. NARA has designated an archivist to participate as the lead in a core group to coordinate this effort.

Remaining Work.

- Develop and issue manuals and technical aids and provide technical assistance to Federal and tribal records staff.
- Complete the training of newly hired records staff and trust personnel.

- Analyze records storage requirements.
- Establish an Advisory Committee.
- Establish a life-cycle data base for trust and other records.
- Organize evaluation teams and implement cyclic evaluations of records programs.
- Determine BIA imaging requirements.
- Replace historical records with working copies.
- Review trust records policies and procedures used by BLM and MMS.
- Award a contract for OST document imaging.
- Publish proposed regulations covering trust records in the possession of Self-Determination and Self-Governance tribes.
- Bring programs into compliance with regulations governing electronic records.
- Complete vital records plan.
- Publish a trust records instructional guide.
- Complete submission of records control schedules to NARA.
- Pilot test electronic record keeping.
- Complete the cleanup of the record disposition backlog at BIA agencies.

Goals for Next Quarter.

- Complete training of newly hired staff.

- Begin cyclic evaluations of trust records programs.
- Begin the process of replacing historical records with working copies.
- Complete a plan to bring organizations into compliance with electronic records regulations.
- Review BLM and MMS trust records policies and procedures.

9. Policies and Procedures

Objective.

The objective of this subproject is to coordinate the development and promulgation of consistent regulations, policies and procedures that govern all aspects of Indian trust management activities throughout DOI. The subproject will also coordinate the development of legislative revisions for trust management programs.

Changes.

This subproject plan has been extensively revised to provide a more thorough review of the conduct of trust functions throughout the Department. The new policies and procedures plan is set out in chapter 9 of the HLIP and provides for bureau-by-bureau and cross-cutting reviews of many common trust resource management functions in light of guiding principles. The reviews are intended to result in revised regulations, revised internal guidance, and new procedures in many, if not all, Interior bureaus. Additionally, regulatory initiatives have been undertaken to change policies and procedures in a number of important trust areas including leasing, grazing, probate, and funds held in trust. These have been developed in light of a set of

draft trust principles with a target of completing regulatory action on them this calendar year. Independently, MMS proposes to strengthen Indian oil valuation regulations by decreasing reliance on "posted" prices. The comment period on the final MMS rules ends on March 6, 2000.

The 1998 HLIP contained a target completion date of September 30, 2000, for this initiative. At trial, the Acting Special Trustee testified that the Department was looking for a new head for this subproject and was seeking someone from outside of BIA and OST who had experience with implementing policies and procedures in the Federal Government. In August 1999, a senior attorney in the Solicitor's Office, was appointed to coordinate this subproject. Currently, this subproject is planned to continue for at least four more years.

Initially, the scope of this project was greatly underestimated. For example, Interior has no current policy or regulation that clearly articulates the sources for funds taken into trust. This has resulted in BIA administrative fees, court fines, and other miscellaneous revenue being inappropriately held in trust accounts. As all activities related to trust asset management affect Indian land owners, the proposed statutory and regulatory changes, as appropriate, will be subject to consultation, in addition to the normal Executive Branch coordination and review processes.

Accomplishments Since June 10, 1999.

- In August 1999, lead responsibility for this subproject was shifted from OST to the Assistant Secretary - Indian Affairs.
- Full-time staff were assigned to the project in the fourth quarter of calendar year 1999 and more will be assigned within the next several months.

- An inventory of existing BIA policy statements and internal procedures for the administration of Indian trust resources was completed in September 1999.
- A preliminary draft of general principles proposed to guide the BIA's trust activities was developed in November 1999.
- Tribal consultation meetings on the general principles were held in Oklahoma City, OK, Reno, NV, Rapid City, SD, and Albuquerque, NM during November and December 1999.
- BIA regulations governing leasing, grazing, probate, and funds held in trust were reviewed and preliminary drafting of proposed revisions began in January 2000.

Remaining Work.

- Finalize general trust principles for Department-wide trust activities relating to management of Indian natural resources and funds held in trust.
- Publish first set of proposed BIA regulations on leasing, grazing, funds held in trust, and probate.
- Identify DOI programs and functions that affect Indian trust resources.
- Analyze DOI functions relating to trust resources.
- Analyze cross-cutting issues and problems.
- Develop and publish revised regulations to address trust activity issues and problems identified in the foregoing process.

- As needed, revise and publish internal program guidance.
- Propose statutory revisions.

Goals for Next Quarter.

- Continue staff recruitment.
- Finalize the general trust principles.
- Conduct tribal consultation on the first set of BIA regulations.

10. Training***Objective.***

The objective of the Training project is to ensure that all Federal and non-Federal staff who work in trust programs have the training necessary to competently perform their duties. To date, most training in the trust arena has been targeted to those who will operate the new systems that are being installed. More broadly based training will be provided in the future.

Changes.

The coordinated delivery of the non-systems training component of the project is about one year behind the target dates established in the 1998 HLIP and a new project leader has been assigned. Training for TFAS has occurred immediately prior to systems deployment at each regional site and is on schedule. Based on experience with TAAMS training in the Rocky Mountain Region, a decision has been made to centralize most TAAMS training at the contractor site in Dallas, TX rather than rely exclusively on on-site training.

At trial, Mr. Thompson testified that Macro International had conducted a study to determine the appropriate non-system training materials and approach for OST and BIA employees. Macro conducted a User Needs Analysis in 1997 for non-systems training and updated those findings with a 1999 review.

Accomplishments Since June 10, 1999.

- In June 1999, an updated assessment of training requirements for BIA, tribal, and OST staff was completed under contract.
- A draft training plan, identifying 28 courses required for other than systems competencies, was submitted in August 1999.
- A report identifying courses currently available to meet targeted training requirements was submitted in October 1999.
- Training was provided to BIA appraisers.
- TAAMS training was provided to staff in the Rocky Mountain Region prior to initiation of the TAAMS pilot. Follow-on training was provided in September and November 1999.
- As of January 2000, more than 600 Federal tribal, and contractor staff had been trained on TFAS.

Remaining Work.

- Continue TFAS and TAAMS training.
- Finalize the non-systems training plan.

- Select a contractor to manage the delivery of non-systems training.
- Award contracts to those organizations that will provide the training.
- Develop courseware to meet training requirements that is not presently available from third parties.
- Provide non-systems training.

Goals for Next Quarter.

- Provide TFAS training to staff in the three regions scheduled for conversion in March 2000.
- Complete TAAMS training in the Rocky Mountain Region.
- Begin TAAMS training for Land Title and Records staff.
- Conduct an in-house review of the contractor's recommendations for non-systems training.

11. Internal Controls***Objective.***

This project is designed to ensure that the numerous internal control weaknesses that have been identified in the "legacy" trust systems and trust operations are corrected through the implementation of new systems, development of comprehensive policies and procedures, training, and adequate staffing of trust functions.

Changes.

At trial, Mr. Thompson testified that the Advisory Board had recommended that DOI obtain a commercial template to establish

internal controls for DOI trust functions.

Based upon these recommendations, the subproject has been expanded by the addition of a comprehensive risk management program that will be implemented to monitor and evaluate the effectiveness of trust management operations across the Department. A new project director has been named and full-time staff will be assigned to provide an internal, yet independent, capacity to review trust operations throughout the Department.

Accomplishments Since June 10, 1999.

- In June 1999, an action plan was developed to address the most acute internal control weaknesses that were identified as uncorrected in the most recent financial statement audits.
- The organization and staffing plan for the Risk Management Program Office was completed in July 1999 and approved in September 1999. Using traditional internal control techniques, this Office will conduct annual reviews of trust systems and operations and provide reports on the results of the reviews.
- Initial reviews, completed in December 1999, were designed to ensure that the planned HLIP projects, when implemented, will resolve those significant internal control weaknesses that have been previously identified by the Office of Inspector General and by the General Accounting Office.
- On-going efforts include refinement of the Risk Management plan; recruitment of additional staff; and initiation of a review of the automated and management controls that are associated with the new trust management systems.

Remaining Work.

- Staff the Risk Management office.
- Map identified management and internal control weaknesses to current improvement efforts.
- Determine which weaknesses have been corrected or will be corrected through current systems initiatives, or other aspects of the HLIP. For those deficiencies that remain to be addressed, develop a corrective action plan.
- Develop a framework for a formal internal control program covering all aspects of trust management in DOI.
- Inventory and catalogue internal control features of TAAMS, TFAS, and MMS systems.
- Prepare a draft risk management program and coordinate the review with affected offices and with other subproject leaders, as appropriate.
- Publish a risk management handbook.
- Establish a cyclical review program.

Goals for Next Quarter.

- Map identified management and internal control weaknesses to current improvement efforts.
- Begin development of a formal internal control program covering all aspects of trust management in DOI.

C. Trust Budget

The massive overhaul of all aspects of Indian trust management now underway in DOI would have been impossible without the support of the Administration and the Congress in providing financial resources necessary to develop and install new systems, hire and train staff, and acquire technical expertise and assistance from the private sector.

1. FY 2000 Budget

On November 29, 1999, the FY 2000 Interior appropriations bill was signed into law (Public Law 106-113).

The President's 2000 budget requested a larger percentage increase for the Office of the Special Trustee than for any other bureau or office in the Department. Congress fully funded the \$90 million request for OST operations and Department-wide trust reform efforts, and provided half of the \$10 million requested for the Indian Land Consolidation Pilot Project. Further, Congress provided authority for the Secretary to appoint temporary Indian probate judges if sufficient administrative law judges are not available to manage the probate workload. Just prior to the publication of this report, the Department was notified that the Social Security Administration will be unable to detail any judges to DOI.

The 2000 budget includes \$65.3 million for HLIP implementation. When combined with \$11.3 million in unobligated prior year

balances, a total of \$76.6 million is available for trust management improvements, exclusive of the funding available for MMS System Re-engineering.

2. FY 2001 Request

The President's FY 2001 budget request maintains the funding level for the Office of the Special Trustee and includes an increase of \$35 million in BIA for trust programs that will be used to increase the realty, appraisal and probate staff at the agency level; more than doubles funding for the Land Title and Records Offices at the regional offices; and provides an increase of \$5.3 million for cadastral surveys and \$2 million to expedite the processing of allotments in Alaska.

Highlights of the FY 2000 budget and FY 2001 request are shown in the following table:

Selected Trust Management Activities
(Dollars in Millions)

Special Trustee	FY '99 Enacted	FY '00 Enacted	FY '01 Request
Executive Direction	1,623	1,663	2,192
Program Operations	15,261	15,441	16,575
Litigation/Records	13,969	5,164	2,469
Program Support Services	2,034	2,462	2,975
HLIP Implementation	24,092	65,294	58,417
Subtotal	56,979	90,024	82,628
Land Consolidation	5,000	5,000	10,001
<i>Youpee</i>	0	0	2,500
Subtotal	5,000	5,000	12,501
Total, OST	61,979	95,024	95,129
BIA			

Agency Trust Services	27,631	28,605	44,065
Regional Trust Services	10,710	9,568	23,543
Central Office Trust Services	2,070	2,105	2,642
Other Realty Services	4,968	5,055	10,439
Total, BIA	45,379	45,333	80,689
Grand Total	107,358	140,357	175,818

Additional detail on anticipated HLIP obligations is provided below:

Estimated HLIP Obligations	FY 2000	FY 2001
OST Data Cleanup and TFAS	19.1	15.7
BIA Data Cleanup and TAAMS	28.3	21.8
Probate	8.8	6.0
Records Management	9.6	8.0
Other Subprojects	10.8	6.9
Total, HLIP²	76.6	58.4

² Any amounts not obligated in FY 2000 will be available for expenditure in FY 2001.

